

Region XII Council of Governments, Inc.
and Affiliated Organizations
Council of Governments Housing, Inc.
Region XII Development Corporation
Carroll, Iowa
Independent Auditor's Reports
Combined Financial Statements
Supplemental Information
Schedule of Findings & Questioned Costs
June 30, 2009 and 2008

This page is intentionally left blank.

TABLE OF CONTENTS

Board of Directors, Policy Council, and Officers		<u>Page</u>
Independent Auditor's Report		4
		5-6
<u>Combined Financial Statements:</u>	<u>Exhibit</u>	
Combined Statements of Financial Position	A	8- 9
Combined Statements of Activities	B	10-11
Combined Statements of Changes in Net Assets	C	12-13
Combined Statements of Cash Flows	D	14
Notes to Financial Statements		15-26
<u>Supplemental Information:</u>	<u>Schedule</u>	
Combined Schedules of Functional Expenses	1	28-29
Schedules of State, General and Local Administered Programs Activity	2	30-31
Schedules of Federal Programs Activity	3	32-33
Schedules of Western Iowa Transit Programs Activity	4	34-35
<u>Affiliated Organizations:</u>		
Council of Governments Housing, Inc. programs	5	37
Region XII Development Corporation, Inc. programs	6	38
Schedule of Completed Programs	7	40-41
Schedule of Expenditures of Federal Awards	8	42
RTS Certification by Independent Auditor		43
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards		44-45
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control Over compliance in accordance with OMB Circular A-133		46-47
Schedule of Findings & Questioned Costs		48

REGION XII COUNCIL OF GOVERNMENTS, INC.
BOARD OF DIRECTORS AND OFFICERS

<u>Name</u>	<u>Title</u>	<u>County Represented</u>
-------------	--------------	---------------------------

Executive Board Members

Jack Bensley	Chairperson	Sac
Marty Danzer	Vice Chairperson	Carroll
Vernon Venteicher	Secretary	Audubon
Guy Richardson	Treasurer	Greene
Jerome Caraher	Board Member	Guthrie
Robert Lohrmann	Board Member	Crawford

Policy Council Members

Jay Dee Mendenhall	Board Member	Audubon
Bruce D. Nelson	Board Member	Audubon
Gene Karstens	Board Member	Audubon
Sheryl Wegner	Board Member	Carroll
Dan Nieland	Board Member	Carroll
Cindy Fay	Board Member	Carroll
Del McDermott	Board Member	Carroll
Mary Lou Kraus	Board Member	Crawford
Carla Lally	Board Member	Crawford
Loren Schultz	Board Member	Crawford
Jane Heun	Board Member	Greene
Karen Polking	Board Member	Greene
Mary Jane Fields	Board Member	Greene
Jerri Christman	Board Member	Guthrie
Luann Waldo	Board Member	Guthrie
Curt Thornberry	Board Member	Guthrie
Morris Boeckman	Board Member	Sac
Joan Godbersen	Board Member	Sac
Elaine Rex	Board Member	Sac

Region XII Council of Governments, Inc. Officers

Richard Hunsaker	Executive Director
Joe Behrens	Local Assistance Director
James Burns	Transit Director
Beth Winquist	Workforce Director
Kathleen Pauli	Fiscal Officer

In January of each year, each member of the County Board of Supervisors shall appoint or reappoint three local elected officials or persons responsible to local elected officials to serve at least one year as their County COG representative. One of the three shall be designated Chairperson of that group and shall be designated an officer candidate and member of the COG Executive Board. The Executive Board shall appoint a fourth member from each county to serve on the policy council.

John D. Morrow

Certified Public Accountant

Member
Iowa
Society

P O Box 400
109 Main Street
Wall Lake, Iowa 51466-0400

413 Ash Avenue
Ames, Iowa 50014

Phone: (712) 664-2891
FAX: (712) 664-2717
Cell: (712) 830-3121

Certified Public Accountants

Email: morrowjd@netins.net

November 30, 2009

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the accompanying combined financial statements, listed as exhibits in the table of contents of this report, of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years then ended June 30, 2009 and 2008. These combined financial statements are the responsibility of the COG's management. My responsibility is to express an opinion on these combined financial statements based on my audit.

I conducted the audit in accordance with U. S. generally accepted auditing standards, standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act, Office of Management and Budget (OMB) Circular A-133, and Chapter 11 of the Code of Iowa. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., as of and for the years ended June 30, 2009 and 2008, and changes in their net assets, and their cash flows in conformity with U. S generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my reports dated November 30, 2009, on my consideration of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc.'s, internal control over financial reporting and my tests of their compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analyses and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the aforementioned combined financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

COMBINED FINANCIAL STATEMENTS

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
COMBINED STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	Region XII Council of Governments	<u>Affiliated Organizations</u> Council of Governments Housing	Region XII Development Corporation
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 3,411,007	\$ 438,034	\$ 1,309,579
Receivables:			
Grantor agencies	786,576	3,000	0
Other sources	137,090	0	0
Affiliated organizations	624	0	0
Prepaid expense	107,257	0	0
Total Current Assets	<u>4,442,554</u>	<u>441,034</u>	<u>1,309,579</u>
PROPERTY AND EQUIPMENT			
Land & building	3,191,480	0	0
Vehicles	2,322,006	0	0
Office equipment	421,000	0	0
Spec houses for resale	0	278,667	0
	5,934,486	278,667	0
Less accumulated depreciation	<u>1,867,348</u>	<u>0</u>	<u>0</u>
	<u>4,067,138</u>	<u>278,667</u>	<u>0</u>
OTHER ASSETS			
Receivable from future claims or reimbursements	346,773	0	0
Housing program loans	2,114,931	293,078	0
Business enterprise loans	0	0	1,434,617
	<u>\$ 10,971,396</u>	<u>\$ 1,012,779</u>	<u>\$ 2,744,196</u>
LIABILITIES AND FUND BALANCES			
CURRENT LIABILITIES			
Accounts payable	\$ 154,807	\$ 339	\$ 1,034
Notes payable	327,100	0	0
Current portion of long-term debt	0	0	39,738
Accrued payroll and benefits	79,620	0	0
Accrued annual leave payable	108,618	0	0
Due affiliated organizations	0	117	507
Deferred Revenue	421,295	325,266	0
Capital match deposits	70,041	0	0
Total current liabilities	<u>1,161,481</u>	<u>325,722</u>	<u>41,279</u>
LONG TERM LIABILITIES			
Note payable	0	0	1,080,460
NET ASSETS			
Unrestricted Net Assets			
Unreserved net assets	3,347,317	115,312	1,308,038
Health insurance reserve	280,529	0	0
Investment in property and equipment	4,067,138	278,667	0
Reserve for loans	2,114,931	293,078	314,419
Temporarily Restricted Net Assets	0	0	0
Permanently Restricted Net Assets	0	0	0
	<u>9,809,915</u>	<u>687,057</u>	<u>1,622,457</u>
	<u>\$10,971,396</u>	<u>\$ 1,012,779</u>	<u>\$ 2,744,196</u>

See accompanying Notes to Financial Statements.

TOTAL COMBINED	
<u>June 30, 2009</u>	<u>June 30, 2008</u>
\$ 5,158,620	\$ 5,480,031
789,576	307,004
137,090	81,927
624	0
<u>107,257</u>	<u>8,319</u>
<u>6,193,167</u>	<u>5,877,281</u>
3,191,480	1,889,779
2,322,006	2,049,489
421,000	380,157
<u>278,667</u>	<u>161,543</u>
6,213,153	4,480,968
<u>1,867,348</u>	<u>1,782,632</u>
<u>4,345,805</u>	<u>2,698,336</u>
346,773	254,667
2,408,009	2,691,190
<u>1,434,617</u>	<u>1,519,163</u>
\$ <u>14,728,371</u>	\$ <u>13,040,637</u>
\$ 156,180	\$ 140,536
327,100	165,100
39,738	45,931
79,620	43,385
108,618	81,235
624	0
746,561	523,513
<u>70,041</u>	<u>60,224</u>
1,528,482	1,059,924
1,080,460	1,008,528
4,770,667	4,870,710
280,529	241,245
4,345,805	2,698,336
2,722,428	3,161,894
0	0
<u>0</u>	<u>0</u>
<u>12,119,429</u>	<u>10,972,185</u>
\$ <u>14,728,371</u>	\$ <u>13,040,637</u>

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
COMBINED STATEMENTS OF ACTIVITIES
Year ended June 30, 2009 and 2008

	Region XII Council of <u>Governments</u>	<u>Affiliated Organizations</u> Council of Governments <u>Housing</u>	Region XII Development <u>Corporation</u>
Revenues:			
Program Grants and Awards	\$ 4,767,642	\$ 235,453	\$ 92,000
Public Support & Program Funds	1,468,466	0	0
Elderbridge Agency on Aging	37,000	0	0
United Way	4,500	0	0
Loan Repayments	519,984	53,005	382,679
Interest From Loans & Fees	55,581	4,982	87,790
Interest From Investments	69,438	7,260	22,472
Other Revenues	25,950	0	0
Matching Funds	378,167	40,192	37,500
In-Kind Match	9,553	0	0
Total Revenue	<u>7,336,281</u>	<u>340,892</u>	<u>622,441</u>
Expenses:			
Local Funds & Loan Repayment Funds	1,262,996	0	0
Administered State and Local Funds	764,688	0	0
CDBG, HOME Housing Loan, & Non-housing Funds	962,700	0	0
Hazard Mitigation Plans	26,623	0	0
Western Iowa Transit System	2,813,381	0	0
Tornado/Flood National Emergency	545,971	0	0
Workforce Investment Act Programs	272,183	0	0
WIA Early Intervention Rapid Response	6,524	0	0
Iowa Workforce Development Programs	71,850	0	0
Workforce Development Programs-Promise Jobs	106,279	0	0
Housing Preservation Grant	60,459	0	0
Economic Development Planning	102,000	0	0
Lead Base Paint & Lead Poisoning	32,097	0	0
Household Water Well System	20,370	0	0
Economic Adjustment Strategy	30,012	0	0
Support for Planning Organizations	757	0	0
Low Income Housing Tax Credit	12,296	0	0
Affordable Housing/Home-owner Repair Assistance	191,327	0	0
Disaster Relief Assistance	360,002	0	0
Western Iowa Advantage Partners	81,588	0	0
Council of Governments-Housing:			
Administrative & Revolving Loan Fund	0	32,083	0
Local Housing Trust Fund	0	149,446	0
Region XII Development Corp.:			
Intermediary Relending Program	0	0	236,828
Rural Business Enterprise	0	0	6,991
Long-Term Economic Deterioration	0	0	119,264
Depreciation	272,171	0	0
Total Expenses	<u>7,996,274</u>	<u>181,529</u>	<u>363,083</u>
Revenue over (under) expenses	\$ (<u>659,993</u>)	\$ <u>159,363</u>	\$ <u>259,358</u>

See accompanying Notes to Financial Statements.

TOTAL COMBINED	
<u>June 30, 2009</u>	<u>June 30, 2008</u>
\$ 5,095,095	\$ 3,017,674
1,468,466	1,552,301
37,000	38,000
4,500	4,750
955,668	799,886
148,353	150,756
99,170	218,992
25,950	44,178
455,859	305,529
<u>9,553</u>	<u>0</u>
<u>8,299,614</u>	<u>6,132,066</u>
1,262,996	483,707
764,688	742,452
962,700	742,937
26,623	3,748
2,813,381	2,093,841
545,971	0
272,183	280,394
6,524	0
71,850	106,238
106,279	154,129
60,459	77,930
102,000	104,679
32,097	9,551
20,370	22,994
30,012	0
757	0
12,296	0
191,327	0
360,002	0
81,588	46,109
32,083	35,329
149,446	74,375
236,828	85,890
6,991	4,677
119,264	109,419
<u>272,171</u>	<u>265,930</u>
<u>8,540,886</u>	<u>5,444,329</u>
\$ (<u>241,272</u>)	\$ <u>687,737</u>

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
 COMBINED STATEMENTS OF CHANGES IN NET ASSETS
 Year ended June 30, 2009 and 2008

	Region XII Council of <u>Governments</u>	<u>Affiliated Organizations</u> Council of Governments <u>Housing</u>	Region XII Development <u>Corporation</u>
Program revenues over (under) expenses	\$(659,993)	\$ 159,363	\$ 259,358
Increase (decrease) in balance classified as "Receivable from Future Claims"	92,106	0	0
(increase) decrease in balance classified as "Deferred Revenue"	(120,493)	(125,555)	23,000
Increase in Self Insurance- "Health Insurance Reserve"	39,284	0	0
Investment in plant, vehicles, & equipment	1,802,516	0	0
Investment in spec houses	0	117,124	0
Increase (decrease) in "Reserve for Loans"	(346,295)	<u>63,114</u>	(156,285)
Total Change in net assets	807,125	214,046	126,073
Net Assets-Beginning of Year	<u>9,002,790</u>	<u>473,011</u>	<u>1,496,384</u>
Net Assets-End of Year	<u><u>9,809,915</u></u>	<u><u>687,057</u></u>	<u><u>1,622,457</u></u>

See accompanying Notes to Financial Statements.

TOTAL COMBINED	
<u>June 30, 2009</u>	<u>June 30, 2008</u>
\$ (241,272)	\$ 687,737
92,106	(24,776)
(223,048)	(222,290)
39,284	36,150
1,802,516	354,500
117,124	0
(439,466)	(7,818)
1,147,244	823,503
<u>10,972,185</u>	<u>10,148,682</u>
\$ <u><u>12,119,429</u></u>	\$ <u><u>10,972,185</u></u>

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
 COMBINED STATEMENTS OF CASH FLOWS
 Year Ended June 30, 2009 and 2008

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Resources Provided (Used) By:		
Cash Flow from Operating Activities:		
Revenue over expenses	\$ (241,272)	\$ 687,737
Items not requiring outlays of cash:		
Depreciation	272,171	265,930
Change in Operating Assets & Liabilities:		
Accounts receivable	(537,735)	146,856
Prepaid expenses	(98,938)	(2,522)
Accounts payable	15,644	14,228
Accrual payroll and benefits	36,235	7,592
Accrual annual leave	27,383	8,607
	<u>(526,512)</u>	<u>1,128,428</u>
Cash Flow From Investing Activities:		
IRP proceeds used for relending	(71,738)	(40,000)
Self insurance - health insurance reserve	39,284	36,150
	<u>(32,454)</u>	<u>(3,850)</u>
Cash Flow From Financing Activities:		
Borrowing - short term notes	377,200	209,600
Borrowing - long term notes	92,000	40,000
Payments - short term notes	(215,200)	(335,600)
Payments - long term notes	(26,262)	(6,000)
Capital match deposits	9,817	36,299
	<u>237,555</u>	<u>(55,701)</u>
Net Increase in Cash	(321,411)	1,068,877
Cash, Beginning of Year	<u>5,480,031</u>	<u>4,411,154</u>
Cash, End of Year	\$ <u>5,158,620</u>	\$ <u>5,480,031</u>

See accompanying Notes to Financial Statements.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

Note 1 Nature of Activities and Significant Accounting Policies

A. Nature of Activities

Region XII Council of Governments, Inc. entered into a 28E agreement to service the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac.

The purposes for which the COG was organized are to provide joint services and facilities with other agencies to promote and assist the economic development of business concerns through growth and development and aid in development opportunities to the region, thereby increasing employment, business volume, and business payrolls. To accomplish these purposes, the COG has all the powers enumerated in the Iowa Non-Profit Corporation Act, Chapter 504 of the Code of Iowa and is certified in good standing with the Iowa Secretary of State. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code. In addition, the COG has the power and duty to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplication, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area.

Region XII Council of Governments, Inc., is the designated administrative agency, fiscal agent, and coordinating service provider for the Workforce Investment Act (WIA) in Iowa Workforce Development (IWD) Region 8. Region 8 includes the Iowa counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. The COG is the fiscal agent for IWD in Region 8. The COG provides Promise Jobs case management for the counties of IWD Region 8. The cities of Perry, Redfield and Linden, are associate members of the COG. Region XII COG, Inc.'s Executive Board has the responsibility for all records which are included in these financial statements.

Region XII Council of Governments, Inc. owns and operates the Western Iowa Transit System. This rural transit system provides transit services to senior citizens, persons with disabilities, preschool and school aged students, and the general public. Western Iowa Transit System operates in Audubon, Carroll, Crawford, Greene, Guthrie, and Sac counties and is recognized by the Department of Transportation as the regional transit organization. The mission of Western Iowa Transit System is to provide safe, dependable, and efficient public transit services for all citizens within its service area in a manner which will help them maintain and improve their quality of life.

Region XII Council of Governments (COG) serves as the Regional Planning Affiliation (RPA) for the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac. As the RPA, the COG prepares all planning documents pursuant to transportation planning in the region, including the programming of regional federal funds for transportation. The COG is advised by a Transportation Advisory

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 1. Nature of Activities and Significant Accounting Policies (continued)

A. Nature of Activities (continued)

Committee on all planning documents. Final decisions on these documents are made by the Policy Council of Region XII Council of Governments.

Region XII Council of Governments assists the communities and counties in identifying housing needs. Once needs are identified, the organization will work with the necessary partners to achieve those goals. Examples of programs include various housing rehabilitation programs, down payment assistance, rental projects, new construction, development of lots for sale, and lead base paint & inspection services.

The organization is dependent on continued funding by Federal, State and local governmental bodies to provide the programs necessary to support the services and objectives set out above.

B. Affiliated Organizations

Council of Governments Housing, Inc. is a non-profit corporation organized under Chapter 504 of the Code of Iowa, and the objectives and purpose to be transacted and carried on are to promote the general social welfare of the community. These powers are limited to the definitions and purposes encompassed by Section 501(c)(4), of the Internal Revenue Code.

In addition to the powers provided by Iowa law, this corporation shall be allowed to:

Acquire, construct, provide, and operate rental housing and related facilities suited to the special needs and living requirements of eligible occupants as determined by USDA Rural Development regulations, without regard to race, color, religion, sex, age, handicap, marital and familial status, or national origin; and Administer programs for the purpose of rehabilitation of owner-occupied or rental properties or other properties for the purpose of eliminating safety and health hazards and other activities necessary to improve the condition of the home for habitation; and Acquire, improve, and operate any real or personal property or interest or right herein or appurtenant thereto; to sell, convey, assign, mortgage, lease any real and personal property; and Borrow money and to execute such evidence of indebtedness and such contracts, agreements, and instruments as may be necessary, and to execute and deliver any mortgage, deed of trust, assignment of income, or other security instrument in connection therewith; and Do all things necessary and appropriate for carrying out and exercising the foregoing purposes and powers.

Region XII Development Corporation, Inc., is a non-profit corporation organized under Chapter 504 of the Code of Iowa. These powers are limited to the definitions and purposes encompassed by Section 501(c)(3), of the Internal Revenue Code.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 1 Nature of Activities and Significant Accounting Policies (continued)

B. Affiliated Organizations (continued)

The objectives and purpose to be transacted and carried on are:
To further the economic development of the area community known as Region XII, said Region comprises the counties of Audubon, Carroll, Crawford, Greene, Guthrie, and Sac including the cities, and rural areas of said counties in the state of Iowa; and
To aid in the development of the communities within the region; and promoting and stimulating business opportunities and development, both new and existing; and
For charitable, educational and scientific purposes including, for such purposes, the making of distributions to organizations that qualify and exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended, or the corresponding provision of any future United States revenue law; and
For any and all purposes permitted in the Iowa Non-Profit Corporation Act, Chapter 504 of the 1981 Code of Iowa and permitted under Section 501(c)(3) of the Internal Revenue Code.

C. Significant Accounting Policies

Program Fund Accounting - To ensure observance of limitations and restrictions placed on the use of resources available to Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations, the accounts of the organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into program funds established according to their nature and purposes. Separate accounts are maintained for each program fund; however, in the accompanying financial statements, programs that have similar characteristics have been combined into program fund groups. Accordingly, all financial transactions have been recorded and reported by program group.

Basis of Accounting - Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Grant or contract revenue is recognized when earned. The grants and contracts are written on an expense reimbursement basis and accordingly, grant or contract revenue is earned when allowable program expenses are incurred. The financial statements present any funds received and not expended as deferred revenue. Expenses are recorded when the liability is incurred. Disbursements for the purchase of property and equipment which provide future benefits are recorded as expenses in the program at the time of purchase and capitalized and presented in the Statement of Net Assets.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 1 Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Basis of Presentation - Net assets and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the COG and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets.

Assets, Liabilities and Net Assets - The following accounting policies are followed in preparing the combined statement of financial position.

Cash and Investments - Cash includes amounts in demand deposits, money market funds, and certificates of deposit.

Program Funds and Accounts Receivable - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenses as of the beginning and end of the year. Program funds and accounts receivable include amounts due to the COG but not received at year end.

Allowance for Doubtful Accounts - The direct write-off method is used to account for uncollectible housing and business loans. There is no provision for accounts receivable bad debts since all receivables are considered to be collectible.

Receivable from Future Claims or Reimbursements - This receivable represents an excess of expenses over revenue received from the funding source at year end.

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had been paid or received as of June 30, 2009 and 2008, balances of inter-fund amounts have been recorded.

Property, Vehicles, and Equipment - Property, vehicles, and equipment are valued at historical cost. Property, vehicles, and equipment are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized accumulating the net investment in property, vehicles, and equipment. Depreciation has been provided using the straight-line method over the estimated useful lives of the respective assets, generally 50 years for real property and 5 to 10 years for vehicles and equipment. The depreciated cost of the property, vehicles, and equipment does not purport to be either a realizable value or a replacement value. Expenses for maintenance, repairs, and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized. The cost of assets disposed is deleted.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 1. Nature of Activities and Significant Accounting Policies (continued)

C. Significant Accounting Policies (continued)

Annual Leave - Employees of the COG accumulate a limited amount of earned but unused annual leave payable to employees. Amounts representing the cost of annual leave expected to be liquidated currently are recorded as liabilities of the administrative fund or the program fund type. This liability has been computed based on current rates of pay.

Deferred Revenue - Deferred revenue represents an excess of cash advances by the funding source over accrued expenses at year end.

Total Combined Columns - The total column on the combined statement of financial position and the combined statement of activity is captioned "TOTAL COMBINED" to indicate that it is presented only to facilitate financial analysis.

Cost Allocation - Region XII Council of Governments, Inc. has adopted a cost allocation plan to allocate joint costs to the various programs. Any cost which cannot be assigned directly to a program is allocated based upon the ratio of direct labor hours worked for the respective program, square feet of space used, gross wages for direct program costs, or other reasonable methods of allocation. The cost allocation plan is approved by the COG's federal cognizant agency.

Budgetary Accounting - The COG is not required by statute to use budgetary accounting. Therefore, no budgetary information is included in these financial statements.

Income Taxes - Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations are exempt from Federal income taxes under provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with U. S. generally accepted accounting principles management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from amounts estimated. These estimates involve useful lives for depreciation of assets, allowance for doubtful accounts, loss contingencies, and other estimating techniques as may be required to record effects of future events.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 2 Support From Governmental Units

The COG receives substantially all of its support from Federal, State, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the COG's programs and activities.

Note 3 Leases

Region XII Council of Governments, Inc. sub-leases office facilities from the Iowa Workforce Development under a lease agreement which began January 1, 2007, and expires December 31, 2010.

The COG is obligated under other lease agreements accounted for as operating leases for equipment. In the event insufficient program funding occurs, these leases may be prematurely terminated with appropriate notice.

Note 4 Pension and Retirement Benefits

The Region XII Council of Governments, Inc. contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117

Plan members are required to contribute 4.10% of their annual covered salary and the Region XII Council of Governments is required to contribute 6.35% of annual covered payroll. Contribution requirements are established by State statute. Region XII Council of Government's contributions to IPERS for the years ended June 30, 2009 and 2008 were \$95,438 and \$87,899 respectively, equal to the employer required contributions for each year. The total contribution to IPERS for the years ended June 30, 2009 and 2008 were \$ 156,713 and \$144,579 respectively.

Note 5 Contingent Liability - Medical Leave

The COG's full time and part time II employees accumulate medical leave hours for subsequent use. No compensation is made for accrued medical leave at time of separation and these accumulations are not recognized as expenses by the COG until used. The COG's approximate maximum liability for unrecognized medical leave benefits as of June 30, 2009 and 2008 was \$ 208,000 and \$182,000 respectively. The maximum allowable medical leave may accumulate to 90 days. An employee that has been employed at least 10 years may elect to convert 10 days of medical leave into annual leave. Two days of medical leave earned is then equal to one day of annual leave.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 6 Organization Risk Management

Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Region XII Council of Governments, Inc. is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenditures from its operation funds at the time of payment to the risk pool. The Agency's annual contributions to the Pool for the year ended June 30, 2009, and 2008 were \$104,903 and \$106,132 respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000 such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 6 Organization Risk Management (continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

Region XII Council of Governments, Inc. also carries commercial insurance purchased from other insurers for coverage associated with the employee bond. Region XII Council of Governments, Inc. assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 7 Total Deposit Accounts Exceeding Insured Depository Limits

Region XII Council of Governments, Inc. and its wholly controlled affiliated organizations maintain their checking, savings, and certificate of deposit accounts in various financial institutions. These financial institutions classify these deposits as public funds and are subject to the guidelines referred to in Chapter 12C of the Code of Iowa. As of the fiscal year end, the following financial institutions held public funds totaling:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Financial institution balance	\$ 5,221,230	\$ 5,572,063

NOTE 8 Subsequent Events

Through the date the financial statements were available to be issued, management evaluated subsequent events.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 9 Property, Vehicles, and Equipment

A summary of property, vehicles, equipment, and the components of accumulated depreciation, are as follows:

FISCAL YEAR END June 30, 2009

<u>Property & Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 1,889,779	\$ 2,049,489	\$ 380,157	\$ 4,319,425
Additions	1,301,701	361,324	139,491	1,802,516
Disposals	<u>0</u>	<u>(88,807)</u>	<u>(98,648)</u>	<u>(187,455)</u>
End of year	\$ <u>3,191,480</u>	\$ <u>2,322,006</u>	\$ <u>421,000</u>	\$ <u>5,934,486</u>

<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 241,347	\$ 1,376,210	\$ 165,075	\$ 1,782,632
Current deprec.	24,561	205,815	41,795	272,171
Disposal of assets	<u>0</u>	<u>(88,807)</u>	<u>(98,648)</u>	<u>(187,455)</u>
End of year	\$ <u>265,908</u>	\$ <u>1,493,218</u>	\$ <u>108,222</u>	\$ <u>1,867,348</u>

FISCAL YEAR END June 30, 2008

<u>Property & Equip.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 1,581,855	\$ 2,049,989	\$ 363,552	\$ 3,995,396
Additions	307,924	9,200	49,271	366,395
Disposals	<u>0</u>	<u>(9,700)</u>	<u>(32,666)</u>	<u>(42,366)</u>
End of year	\$ <u>1,889,779</u>	\$ <u>2,049,489</u>	\$ <u>380,157</u>	\$ <u>4,319,425</u>

<u>Accumulated Depr.</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Beginning of year	\$ 216,787	\$ 1,176,889	\$ 165,391	\$ 1,559,067
Current deprec.	24,560	209,021	32,350	265,931
Disposal of assets	<u>0</u>	<u>(9,700)</u>	<u>(32,666)</u>	<u>(42,366)</u>
End of year	\$ <u>241,347</u>	\$ <u>1,376,210</u>	\$ <u>165,075</u>	\$ <u>1,782,632</u>

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 10 Housing and Business Enterprise Loans Receivable

The COG accounts for grant proceeds as revenue. Principal and interest payments received are accounted for as other program revenues when received. Loans and grants paid to families are treated as expenses at the time the loan is made to accommodate the required reporting format on quarterly reports.

Region XII Council of Governments administers Community Development Block Grants Revolving Loans (CDBG Loans) for various cities within Region XII. The loans are for down payment assistance or for a portion of the cost of housing rehabilitation.

Region XII Council of Governments administered the Department of Agriculture-Housing Preservation Grant (HPG Loans). The grant proceeds are used to maintain a low-interest revolving loan fund for low-income residents. Loans of up to \$5,000 per family, at varying interest rates, are used to make health and safety improvements to homes.

Region XII Council of Governments administers the Iowa Department of Economic Development Local Housing Assistance Program (LHAP Loans). LHAP funds are awarded for the purpose of providing a regional revolving loan fund to provide low-interest construction financing for new single-family housing.

Region XII Council of Governments administers the Iowa Finance Authority "Helping Iowa's Rural Economy" grant (HIRE Loans). The funds are for home ownership initiative down payment loans to provide financial assistance for the creation of affordable housing and economic development throughout the State of Iowa.

Region XII Council of Governments administers the Household Well Water System grant. The fund shall be used solely for the purpose of financing the construction, refurbishing and servicing of individually owned household water well systems in rural areas for individuals with low or moderate income. A Revolving Loan Fund Account has been established and designated to account for the grant funds.

Council of Governments Housing, Inc. receives Housing Trust Funding. The funds are to provide loans for financial assistance for residential housing.

Region XII Council of Governments received a loan from the US Department of Agriculture Intermediary Relending Program (IRP Loans). The loan proceeds plus local match are to be used for business enterprise loans.

Region XII Development Corporation received a Department of Commerce - Title IX Long-Term Economic Deterioration Revolving Loan Program (EDA Loans). The grant proceeds are used for business enterprise loans.

Region XII Development Corporation received a Rural Business Enterprise Grant (RBEG Loans) for loan assistance to rural business enterprises.

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 10 Housing and Business Enterprise Loans Receivable (continued)

The balance of all loans is reflected as other assets on the combined statement of financial position. A summary of activity is as follows:

<u>FISCAL YEAR June 30, 2009</u>					
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>Accrued Interest & New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG/Home	\$ 1,329,176	\$ 185,449	\$ 60,266	\$ 29,420	\$ 1,112,881
HPG Loans	645,228	148,098	2,556	101,520	596,094
LHAP Loans	81,863	65,015	0	30,527	47,375
HIRE Loans	384,017	95,331	10,257	40,807	319,236
HWWS Loans	<u>20,942</u>	<u>1,336</u>	<u>0</u>	<u>19,739</u>	<u>39,345</u>
	<u>2,461,226</u>	<u>495,229</u>	<u>73,079</u>	<u>222,013</u>	<u>2,114,931</u>
<u>Council of Governments Housing, Inc.</u>					
COG Housing	50,193	1,104	0	0	49,089
Housing Trust	<u>179,771</u>	<u>44,551</u>	<u>0</u>	<u>108,769</u>	<u>243,989</u>
	<u>229,964</u>	<u>45,655</u>	<u>0</u>	<u>108,769</u>	<u>293,078</u>
<u>Region XII Development Corporation, Inc.</u>					
IRP Loans	879,146	204,791	0	188,287	862,642
EDA Loans	484,225	123,070	0	99,749	460,904
RBEG Loans	<u>155,792</u>	<u>44,721</u>	<u>0</u>	<u>0</u>	<u>111,071</u>
	<u>1,519,163</u>	<u>372,582</u>	<u>0</u>	<u>288,036</u>	<u>1,434,617</u>
Total	\$ <u>4,210,353</u>	\$ <u>986,545</u>	\$ <u>0</u>	\$ <u>618,818</u>	\$ <u>3,842,626</u>
<u>FISCAL YEAR June 30, 2008</u>					
	<u>Beginning Balance</u>	<u>Payments Received</u>	<u>Write- Offs</u>	<u>Accrued Interest & New Loans</u>	<u>Ending Balance</u>
<u>Region XII Council of Governments, Inc.</u>					
CDBG/Home	\$ 1,325,064	\$ 129,155	\$ 0	\$ 133,267	\$ 1,329,176
HPG Loans	688,680	168,390	0	124,938	645,228
LHAP Loans	76,436	14,847	0	20,274	81,863
HIRE Loans	362,073	42,678	0	64,622	384,017
HWWS Loans	<u>0</u>	<u>269</u>	<u>0</u>	<u>21,211</u>	<u>20,942</u>
	<u>2,452,253</u>	<u>355,339</u>	<u>0</u>	<u>364,312</u>	<u>2,461,226</u>
<u>Council of Governments Housing, Inc.</u>					
COG Housing	55,931	6,181	0	443	50,193
Housing Trust	<u>115,965</u>	<u>29,931</u>	<u>0</u>	<u>93,737</u>	<u>179,771</u>
	<u>171,896</u>	<u>36,112</u>	<u>0</u>	<u>94,180</u>	<u>229,964</u>
<u>Region XII Development Corporation, Inc.</u>					
IRP Loans	947,351	219,510	0	151,305	879,146
EDA Loans	503,633	120,007	0	100,599	484,225
RBEG Loans	<u>103,465</u>	<u>25,251</u>	<u>0</u>	<u>77,578</u>	<u>155,792</u>
	<u>1,554,449</u>	<u>364,768</u>	<u>0</u>	<u>329,482</u>	<u>1,519,163</u>
Total	\$ <u>4,178,598</u>	\$ <u>756,219</u>	\$ <u>0</u>	\$ <u>787,974</u>	\$ <u>4,210,353</u>

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2009 and 2008

Note 11 Long Term Notes Payable

The long term notes payable and classification are as follows:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Region XII Council of Governments, Inc., has entered into a loan agreement with the United States Department of Agriculture, Intermediary Relending Program. The loan agreement, dated December 15, 2000, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. The repayment shall be made in 27 equal installments of \$25,470 including principle and interest beginning December 15, 2004. The loan agreement requires a restricted cash account to be maintained at 6% of the balance outstanding.	\$ 520,198	\$ 540,459

Region XII Council of Governments, Inc., has entered into a loan agreement with the United States Department of Agriculture, Intermediary Relending Program. The loan agreement, dated September 16, 2005, is for the sum of \$600,000, interest at a fixed rate of 1% per annum, for a term of 30 years. The repayment shall be made in 27 equal installments of \$25,470 including principal and interest beginning November 10, 2009. The loan agreement requires a restricted cash account to be maintained at 6% of the balance outstanding.	600,000	508,000
---	---------	---------

Region XII Council of Governments, Inc., has entered into an Amoco Loan Agreement with the Iowa Department of Transportation.	0	6,000
Total Notes Payable	1,120,198	1,054,459
Current Portion of Long Term Debt	39,738	45,931
Long Term Portion	\$ <u>1,080,460</u>	\$ <u>1,008,528</u>

Maturities of notes payable over the next five years are as follows:

June 30, 2009	-	45,931
June 30, 2010	39,738	40,331
June 30, 2011	40,136	40,734
June 30, 2012	40,536	41,142
June 30, 2013	40,942	41,553
June 30, 2014	41,352	-
Thereafter	917,494	844,768
Total	\$ <u>1,120,198</u>	\$ <u>1,054,459</u>

SUPPLEMENTAL INFORMATION

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
 COMBINED SCHEDULES OF FUNCTIONAL EXPENSES
 Year Ended June 30, 2009 and 2008

	Region XII Council of Governments	<u>Affiliated Organizations</u> Council of Governments Housing	Region XII Development Corporation
Salaries & wages	\$ 862,649	\$ 16,185	\$ 22,598
Employee benefits	271,570	5,043	7,015
Advertising & marketing	6,550	162	16
Accounting & legal	20,429	1,325	810
Insurance	16,863	321	466
Contracted services	456,267	806	41
Fees, dues & subscriptions	9,907	221	156
Postage	9,304	319	170
Rent	47,045	859	1,327
Telephone	41,254	203	200
Training	23,415	0	0
Travel	103,442	1,132	1,692
Office expense	92,165	2,297	2,901
Equipment expenses	101,098	827	1,448
Facility expenses	75,736	630	1,310
Board expense	9,180	308	1,128
Drivers' wages & benefits	969,743	0	0
Vehicle fuel & other costs	346,044	0	0
Vehicle insurance	83,605	0	0
Purchased services	132,991	0	0
Participant loans & grants	1,825,882	150,443	290,376
Participant support	72,951	0	0
Capital expenditures	1,819,909	0	0
Loan principal payments	0	0	20,262
Interest	6,435	0	10,167
Matching funds expended	310,116	448	1,000
Depreciation	272,171	0	0
In-kind Match expenditures	<u>9,553</u>	<u>0</u>	<u>0</u>
Total Expenses	\$ <u>7,996,274</u>	\$ <u>181,529</u>	\$ <u>363,083</u>

See accompanying Notes to Financial Statements.

TOTAL COLUMNS (Memorandum Only)	
<u>June 30, 2009</u>	<u>June 30, 2008</u>
\$ 901,432	\$ 794,836
283,628	251,105
6,728	6,620
22,564	20,197
17,650	17,559
457,114	466,470
10,284	9,568
9,793	16,298
49,231	42,395
41,657	32,378
23,415	0
106,266	93,155
97,363	76,962
103,373	11,949
77,676	35,772
10,616	7,812
969,743	953,622
346,044	383,249
83,605	85,222
132,991	117,698
2,266,701	1,030,770
72,951	91,313
1,819,909	391,283
20,262	20,061
16,602	18,594
311,564	193,511
272,171	265,930
<u>9,553</u>	<u>10,000</u>
\$ <u>8,540,886</u>	\$ <u>5,444,329</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF REVENUES AND EXPENSES
SCHEDULES OF STATE, GENERAL, AND LOCAL ADMINISTERED PROGRAMS ACTIVITY
Year Ended June 30, 2009

	<u>Local Funds</u>	<u>Revolving Loan Funds</u>	<u>General & Community Administered & Support Programs</u>
Revenues:			
Governmental Funding Source:			
State funds	\$ 0	\$ 0	\$ 700
Program funds	219,055	0	64,741
Loan repayments	0	519,984	0
Interest on loans	0	55,581	0
Interest on investments	18,285	42,034	0
Other revenue	11,465	0	0
Matching funds	<u>0</u>	<u>0</u>	<u>201</u>
Total revenues	<u>248,805</u>	<u>617,599</u>	<u>65,642</u>
Expenses:			
Salary & wages	0	14,879	20,922
Employee benefits	1,068	4,204	6,042
Advertising & marketing	1,039	29	76
Accounting & legal	1,216	5,979	382
Insurance	0	313	478
Contracted services	0	2,754	135,502
Fees, dues & subscriptions	0	95	105
Postage	0	744	667
Rent	0	851	1,144
Telephone	0	178	207
Travel	142	931	3,174
Office expense	662	9,720	1,529
Equipment expenses	2,197	1,343	1,784
Facility expenses	2,000	924	1,253
Board expense	0	128	152
Vehicle expense	22,670	0	0
Participant loans & grants	0	166,047	0
Participant support	0	0	0
Interest	0	0	10
Capital purchases	927,055	0	17,495
Matching funds & transfers	<u>72,570</u>	<u>23,781</u>	<u>58,014</u>
Total expenses	<u>1,030,619</u>	<u>232,900</u>	<u>248,936</u>
Revenue over (under) expenses	(781,814)	384,699	(183,294)
Beginning of year	<u>974,977</u>	<u>2,335,463</u>	<u>(13,095)</u>
End of Year-			
Net Assets	<u>193,163</u>	<u>2,720,162</u>	<u>0</u>
Receivable from future claims	<u>0</u>	<u></u>	<u>(196,389)</u>
Deferred revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

Schedule 2

<u>Iowa Waste Exchange Programs</u>	<u>Iowa Workforce Development Programs</u>	<u>IWD Early Intervention Rapid Response</u>	<u>Low Income Housing Tax Credit</u>	<u>Affordable Housing Homeowner Repair Assistance Program</u>	<u>Disaster Relief Assistance Program Jumpstart</u>	<u>Western Iowa Advantage Partners</u>
\$ 383,263	\$ 67,529	\$ 6,524	\$ 5,950	\$ 0	\$ 421,445	\$ 3,319
0	0	0	0	200,000	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	3,383
<u>1,287</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,318</u>
<u>384,550</u>	<u>67,529</u>	<u>6,524</u>	<u>5,950</u>	<u>200,000</u>	<u>421,445</u>	<u>59,020</u>
91,833	3,036	2,507	5,740	2,684	5,250	1,646
34,245	827	1,068	3,182	1,115	2,097	521
91	6	0	6	14	8	4
1,083	172	0	241	7	12	118
1,919	39	76	74	55	103	35
220,018	7,008	0	17	7	14	77,708
1,187	0	0	6	9	17	14
523	1	0	121	111	240	6
5,170	109	158	273	155	301	91
724	7,669	44	51	31	59	36
7,399	127	103	872	196	425	403
6,867	26,382	92	407	208	502	543
7,264	321	34	559	156	434	10
5,370	21,564	57	716	132	282	35
857	268	0	31	19	53	418
0	0	0	0	0	0	0
0	0	0	0	186,428	222,515	0
0	0	2,385	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>384,550</u>	<u>67,529</u>	<u>6,524</u>	<u>12,296</u>	<u>191,327</u>	<u>232,312</u>	<u>81,588</u>
0	0	0	(6,346)	8,673	189,133	(22,568)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>162,317</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,346)</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>8,673</u>	\$ <u>189,133</u>	\$ <u>139,749</u>

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULES OF FEDERAL PROGRAMS ACTIVITY
Year Ended June 30, 2009

	Rural Housing Preservation <u>Grant</u>	Economic Development Planning <u>Grant</u>	Disaster Recovery <u>Coordinator</u>	Community Development Block <u>Grants</u>
Revenues:				
Governmental Funding Sources:				
Department of Agriculture	\$ 49,190	\$ 0	\$ 0	\$ 0
Department of Commerce	0	51,000	30,012	0
Department of Housing & Urban Development	0	0	0	507,310
Department of Labor	0	0	0	0
Department of Health & Human Services	0	0	0	0
Department of Homeland Security	0	0	0	0
Other Revenue	0	44	0	0
Matching Funds	10,446	41,403	0	0
In-Kind Match	<u>0</u>	<u>9,553</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>59,636</u>	<u>102,000</u>	<u>30,012</u>	<u>507,310</u>
Expenses:				
Salaries & wages	11,326	53,328	16,259	72,127
Employee benefits	4,146	18,396	5,950	26,182
Advertising & marketing	6	47	419	144
Accounting & legal	225	343	27	719
Insurance	257	1,074	283	1,431
Contracted services	19	133	36	1,040
Fees, dues & subscriptions	156	261	22	595
Postage	417	356	87	1,923
Rent	696	3,050	920	4,027
Telephone	141	463	122	695
Training	0	0	0	0
Travel	707	3,086	791	4,814
Office expense	829	4,067	1,786	5,411
Equipment expenses	655	4,146	1,802	5,971
Facility expenses	558	3,303	1,381	4,625
Board expense	86	394	127	538
Participant loans & grants	40,235	0	0	351,576
Participant support	0	0	0	0
Interest	0	0	0	2,948
Matching funds	0	0	0	4,008
In-Kind expenses	<u>0</u>	<u>9,553</u>	<u>0</u>	<u>0</u>
Total expenses	<u>60,459</u>	<u>102,000</u>	<u>30,012</u>	<u>488,774</u>
Program revenues over (under) expense	(823)	0	0	18,536
Beginning of Year	(<u>3,025</u>)	<u>0</u>	<u>0</u>	(<u>37,871</u>)
End of Year-				
Receivable from future claims	\$ (<u>3,848</u>)	\$ <u>0</u>	\$ <u>0</u>	\$ (<u>19,335</u>)

See accompanying Independent Auditor's Report.

Schedule 3

HOME Investment Partnership <u>Program</u>	Workforce Investment Act <u>Title I</u>	WIA American Recovery & Reinvestment <u>Act</u>	WIA Tornado/Flood National Emergency <u>Grants</u>	Temporary Assistance for Needy Families Promise <u>Jobs</u>	CDBG Housing Disaster Recovery <u>Jumpstart</u>	Other Federal <u>Programs</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,232
0	0	0	0	0	0	379
522,643	0	0	0	0	109,035	0
0	253,459	18,724	545,971	0	0	4,321
0	0	0	0	106,279	0	0
0	0	0	0	0	0	15,355
0	0	0	0	0	0	0
5,521	0	0	0	0	0	11,615
0	0	0	0	0	0	0
<u>528,164</u>	<u>253,459</u>	<u>18,724</u>	<u>545,971</u>	<u>106,279</u>	<u>109,035</u>	<u>39,902</u>
26,475	108,608	7,602	92,100	65,662	12,246	15,790
9,758	33,023	2,832	21,952	17,818	4,135	5,906
85	84	175	941	30	11	15
981	1,126	10	232	461	230	98
553	2,423	109	1,829	1,473	209	330
690	259	17	214	135	73	1,416
238	1,845	0	260	37	49	65
1,273	92	1	53	73	416	99
1,522	6,012	489	5,168	4,205	649	873
322	1,619	80	1,617	919	123	1,096
0	0	0	23,415	0	0	0
2,313	11,264	240	20,451	3,778	887	1,015
1,989	5,962	566	4,778	2,450	1,064	2,583
1,767	7,531	647	41,084	4,983	1,374	1,217
1,351	6,464	585	5,441	3,961	1,011	1,537
209	1,823	129	1,407	294	84	126
420,923	0	0	325,029	0	105,129	8,000
0	65,324	5,242	0	0	0	0
3,477	0	0	0	0	0	0
0	0	0	0	0	0	11,382
0	0	0	0	0	0	0
<u>473,926</u>	<u>253,459</u>	<u>18,724</u>	<u>545,971</u>	<u>106,279</u>	<u>127,690</u>	<u>51,548</u>
54,238	0	0	0	0	(18,655)	(11,646)
(60,160)	0	0	0	0	0	(2,269)
\$ (<u>5,922</u>)	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ (<u>18,655</u>)	\$ (<u>13,915</u>)

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULES OF WESTERN IOWA TRANSIT PROGRAMS ACTIVITY
Year Ended June 30, 2009

	Rural Transit <u>Operating</u>	Rural Transit <u>Capital</u>	<u>Total</u>
Revenue:			
Governmental Funding Source:			
Federal-Dept. of Transportation	\$ 539,254	\$314,422	\$ 750,753
Iowa Dept. of Transportation	344,280	327,795	774,998
Elderbridge Agency	37,000	0	37,000
United way	4,500	0	4,500
Public support & contribution	984,670	0	984,670
Capital match funds	0	223,328	223,328
Interest from investments	5,692	0	5,692
Fuel tax refund	1,631	0	1,631
Other local	<u>12,854</u>	<u>0</u>	<u>12,854</u>
Total Revenues	<u>1,929,881</u>	<u>865,545</u>	<u>2,795,426</u>
Expenses:			
Salaries & wages	145,005	0	145,005
Employee benefits	39,360	0	39,360
Advertising & marketing	3,254	0	3,254
Accounting & legal	6,221	0	6,221
Insurance	2,093	0	2,093
Contracted services	229	0	229
Fees, dues & subscriptions	4,400	0	4,400
Postage	1,598	0	1,598
Rent	6,257	0	6,257
Telephone & utilities	24,368	0	24,368
Travel	35,401	0	35,401
Office expense	6,731	0	6,731
Equipment expenses	9,171	0	9,171
Facility expenses	7,514	0	7,514
Board expense	905	0	905
Drivers' wages & benefits	969,743	0	969,743
Vehicle fuel & other costs	323,374	0	323,374
Vehicle insurance	83,605	0	83,605
Purchased services	132,991	0	132,991
Capital purchases	5,255	865,545	870,800
Matching funds	<u>140,361</u>	<u>0</u>	<u>140,361</u>
Total Expenses	<u>1,947,836</u>	<u>865,545</u>	<u>2,813,381</u>
Revenue over (under) expenses	(17,955)	0	(17,955)
Beginning of year-net assets	<u>453,324</u>	<u>0</u>	<u>453,324</u>
End of Year-Net assets	\$ <u>435,369</u>	\$ <u>0</u>	\$ <u>435,369</u>

See accompanying Independent Auditor's Report.

Regional Transportation Planning
 Agreement Number 09 PA-12

<u>FHWA SPR</u>	<u>FTA</u>	<u>FHWA (STP)</u>	<u>Vanpool</u>
\$ 78,010	\$ 22,663	\$ 22,663	\$ 0
0	0	0	7,915
0	0	0	0
0	0	0	0
0	0	0	0
19,545	5,799	6,017	687
0	0	0	0
0	0	0	0
0	0	0	0
<u>97,555</u>	<u>28,462</u>	<u>28,680</u>	<u>8,602</u>
53,707	16,759	16,988	170
16,707	5,360	5,628	48
31	21	13	1
367	91	88	0
1,042	338	324	3
540	49	37	8,352
425	82	39	0
303	97	102	1
3,037	913	968	7
422	139	128	1
3,306	911	700	6
4,479	1,239	1,310	9
4,050	1,313	1,284	1
3,726	1,002	942	2
854	148	129	1
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	0
4,559	0	0	0
0	0	0	0
<u>97,555</u>	<u>28,462</u>	<u>28,680</u>	<u>8,602</u>
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

AFFILIATED ORGANIZATIONS

Schedule 5

COUNCIL OF GOVERNMENTS HOUSING, INC.
 SCHEDULE OF REVENUES AND EXPENSES
 Year Ended June 30, 2009

	Administrative Fund	Revolving Loan Fund	Project # 07-16 Local Housing Trust Fund	Project # 08-16 Local Housing Trust Fund	Project # 09-12 Local Housing Trust Fund
Revenues:					
State	\$ 0	\$ 0	\$ 0	\$ 0	\$ 235,453
Loan repayment & fees	0	53,005	0	0	0
Interest from loans	0	4,982	0	0	0
Interest from investments	7,260	0	0	0	0
Local funds and match	<u>644</u>	<u>0</u>	<u>6,448</u>	<u>15,000</u>	<u>18,100</u>
Total revenues	<u>7,904</u>	<u>57,987</u>	<u>6,448</u>	<u>15,000</u>	<u>253,553</u>
Expenses:					
Salaries & wages	469	1,190	6,680	7,606	240
Employee benefits	75	253	1,978	2,659	78
Advertising & marketing	11	1	116	33	1
Accounting & legal	46	1,220	6	52	1
Insurance	7	24	137	150	3
Contracted services	749	2	31	22	2
Fees, dues, & subscriptions	1	10	159	50	1
Postage	0	41	13	257	8
Rent	19	67	350	409	14
Telephone	6	14	88	92	3
Travel	44	84	440	557	7
Office expense	56	1,372	214	635	20
Equipment expense	8	134	115	534	36
Facility expense	8	79	85	443	15
Board expense	45	154	41	65	3
Participant loans & grants	0	25,446	24,525	88,160	12,312
Match funds	<u>0</u>	<u>448</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	<u>1,544</u>	<u>30,539</u>	<u>34,978</u>	<u>101,724</u>	<u>12,744</u>
Revenue over (under) expenses	6,360	27,448	(28,530)	(86,724)	240,809
Beginning of Year	<u>41,818</u>	<u>39,686</u>	<u>28,530</u>	<u>171,181</u>	<u>0</u>
End of Year - Deferred revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>84,457</u>	<u>240,809</u>
End of Year - Net assets	\$ <u>48,178</u>	\$ <u>67,134</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

REGION XII DEVELOPMENT CORPORATION, INC.
SCHEDULE OF REVENUE AND EXPENSES
Year Ended June 30, 2009

	Intermediary <u>Relending Program</u>		Rural Business Enterprise <u>Grant</u>	Long-Term Economic Deterioration Revolving <u>Loan Fund</u>
	Admin. and Repayment <u>Fund</u>	IRP Grant <u>Fund</u>	Admin. and Repayment <u>Fund</u>	Admin. and Repayment <u>Fund</u>
Revenues:				
Governmental Funding Source:				
Federal grants	\$ 0	\$ 92,000	\$ 0	\$ 0
Loan repayment & fees	209,157	0	44,645	128,877
Interest from loans	61,293	0	5,794	20,703
Interest from investments	14,839	0	4,351	3,282
Matching funds	0		0	37,500
Total revenues	<u>285,289</u>	<u>92,000</u>	<u>54,790</u>	<u>190,362</u>
Expenses:				
Salaries & wages	8,473	0	3,925	10,200
Employee benefits	2,684	0	1,270	3,061
Advertising & marketing	6	0	2	8
Accounting & Legal	309	0	17	484
Insurance	163	0	80	223
Contracted services	16	0	6	19
Fees, dues & subscriptions	40	0	25	91
Postage	47	0	58	65
Rent	462	0	237	628
Telephone	66	0	30	104
Travel	362	0	136	1,194
Office expense	1,242	0	391	1,268
Equipment expense	696	0	283	469
Facility expense	579	0	256	475
Board expense	378	0	25	725
Participant loans	75,376	115,000	0	100,000
Loan principal payments	20,262	0	0	0
Interest	10,167	0	0	0
Matching Funds	500	0	250	250
Total expenses	<u>121,828</u>	<u>115,000</u>	<u>6,991</u>	<u>119,264</u>
Revenue over (under) expenses	163,461	(23,000)	47,799	71,098
Beginning of Year	<u>682,122</u>	<u>23,000</u>	<u>183,885</u>	<u>159,673</u>
End of Year - Deferred revenue	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
End of Year - Net assets	\$ <u>845,583</u>	\$ <u>0</u>	\$ <u>231,684</u>	\$ <u>230,771</u>

See accompanying Independent Auditor's Report.

SCHEDULE OF REVENUE AND EXPENSES FOR COMPLETED CONTRACTS

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF REVENUES AND EXPENSES
COMPLETED PROGRAMS
Year Ended June 30, 2009

	Workforce Investment Act Title I Agreement # <u>7-W-08-FR-0</u>	State Emergency Grant Chicago Rivet Contract # <u>7-W-PF-RR-1-5</u>	Housing Preservation Grant Borrower ID # <u>160140421017843</u>
Revenues:			
Governmental Funding Sources:			
Department of Agriculture	\$ 0	\$ 0	\$ 57,078
Department of Labor	281,862	106,320	0
Iowa Department of Natural Resources	0	0	0
Iowa Department of Economic Development	0	0	0
Iowa Finance Authority	0	0	0
Matching Funds	0	0	9,228
In-Kind Match	0	0	0
Total Revenues	<u>281,862</u>	<u>106,320</u>	<u>66,306</u>
Expenses:			
Salaries & wages	116,348	47,802	10,464
Employee benefits	35,766	15,282	3,431
Advertising & marketing	31	51	1
Accounting & legal	1,054	183	124
Insurance	2,936	1,194	236
Contracted services	158	132	18
Fees, dues & subscriptions	981	551	141
Postage	2,322	1,403	416
Rent	6,305	2,585	612
Telephone	1,912	893	115
Training	0	1,028	0
Travel	11,685	4,002	920
Office expense	6,649	2,459	653
Equipment expenses	2,187	868	246
Facility expenses	4,136	1,954	354
Board expense	1,946	298	58
Participant loans & grants	0	0	48,517
Participant support	87,354	25,635	0
Interest	92	0	0
Matching funds	0	0	0
In-Kind expenses	0	0	0
Total expenses	<u>281,862</u>	<u>106,320</u>	<u>66,306</u>
Net	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

See accompanying Independent Auditor's Report.

Iowa Waste Exchange	Community Development Western Iowa Advantage Grant Number 07-CDF-004	State Housing Trust Fund SHTF # 07-16
\$ 0	\$ 0	\$ 0
0	0	
1,043,403	0	0
0	28,319	0
0	0	132,044
0	4,350	36,698
0	3,000	0
<u>1,043,403</u>	<u>35,669</u>	<u>168,742</u>
242,595	0	16,979
87,524	0	5,316
1,530	0	128
2,146	0	198
5,295	0	336
618,370	32,669	63
2,181	0	166
1,722	0	540
14,626	0	883
2,112	0	189
0	0	0
26,882	0	1,368
13,902	0	790
10,983	0	356
11,490	0	479
2,045	0	88
0	0	140,863
0	0	0
0	0	0
0	0	0
0	3,000	0
<u>1,043,403</u>	<u>35,669</u>	<u>168,742</u>
\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

Schedule 8

REGION XII COUNCIL OF GOVERNMENTS, INC. AND AFFILIATED ORGANIZATIONS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2009

Agency and Office:

Recipient State Agency:

Subrecipient of State Funds:

Program Title:

	CFDA #	Total Expenditures
Federal Direct:		
<u>Department of Agriculture-Rural Development:</u>		
Rural Housing Preservation Grant	10.433	\$ 49,191
Household Water Well System Grant	10.862	8,232
Intermediary Relending Program	10.767	92,000
Total		\$ 149,423
<u>Department of Commerce-Economic Development Administration:</u>		
Economic Development Support for Planning Organizations	11.302	\$ 51,378
Economic Adjustment Assistance	11.307	30,012
Total		\$ 81,390
Federal Indirect:		
<u>Department of Housing & Urban Development-Office of Community Planning & Development:</u>		
<u>Iowa Department of Economic Development:</u>		
<u>Subrecipient of Cities, Counties, and SWIPCO:</u>		
Community Development Block Grant/State's Program	14.228	\$ 616,345
Investment Partnership Program	14.239	522,643
Total		\$ 1,138,988
<u>Department of Labor-Employment Training Administration:</u>		
<u>Iowa Workforce Development</u>		
WIA Adult Program	17.258	\$ 43,276
WIA Youth Activities	17.259	75,569
WIA Dislocated Workers	17.260	127,307
Work Incentive Grants	17.266	26,031
Employment Service/Wagner-Peyser Funded Activities	17.207	4,321
WIA National Emergency Grants	17.277	545,971
Total		\$ 822,475
<u>Department of Transportation-Federal Highway Administration:</u>		
<u>Iowa Department of Transportation:</u>		
Highway Planning and Construction	20.205	\$ 100,673
<u>Department of Transportation-Federal Transit Administration:</u>		
<u>Iowa Department of Transportation:</u>		
Federal Transit Capital Investment Grants	20.500	103,339
Formula Grants for Other Than Urbanized Areas	20.509	723,465
Job Access Reverse Commute	20.516	40,000
New Freedom Program	20.521	9,535
Total		\$ 977,012
<u>Department of Health & Human Services-Administration for Children and Families:</u>		
<u>Iowa Workforce Development</u>		
Temporary Assistance for Needy Families	93.558	\$ 106,279
<u>Department of Homeland Security:</u>		
<u>Iowa Homeland Security & Emergency Management Division:</u>		
Hazard Mitigation Grant	97.039	\$ 15,355

Basis of Presentation: The Schedule of Expenditures of Federal Awards includes the federal grant activity of Region XII Council of Government and its wholly controlled affiliated organizations and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

John D. Morrow

Certified Public Accountant

**Member
Iowa
Society**

**P O Box 400
109 Main Street
Wall Lake, Iowa 51466-0400**

**413 Ash Ave.
Ames, Iowa 50014**

**Phone: (712) 664-2891
FAX: (712) 664-2717
Cell: (712) 830-3121
Email: morrowjd@netins.net**

Certified Public Accountants

November 30, 2009

RTS CERTIFICATION BY INDEPENDENT AUDITOR

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the contracting opportunities and Disadvantaged Business Enterprise and Women Business Enterprise participation summary of Region XII Council of Governments, Inc. (Transit System). My audit of the report details included tests of accounting records, purchase orders, and contracts issued to Disadvantaged Business Enterprise and Women Business Enterprise firms as we considered necessary to verify that the information reported corresponds with the transit system's financial statements and other official documentation. It was not within the scope of my audit to make any assurances about the eligibility of any firm to be certified as a Disadvantage Business Enterprise or Women Business Enterprise, since the Iowa Department of Transportation assumes this responsibility. Tests were conducted to assure that this information fairly reflects the transit system's efforts to comply with Section 105(f) and Subpart D of the Surface Transportation Assistance Act of 1982.

The tests of accounting records and inquiries with management indicated that effort is made to identify Disadvantaged Business Enterprises and Women Business Enterprise. Management has procedures which identify current vendors as eligible to be certified as a Disadvantaged Business Enterprise and Women Business Enterprise.

John D. Morrow

Certified Public Accountant

Member
Iowa
Society

P O Box 400
109 Main Street
Wall Lake, Iowa 51466-0400

413 Ash Ave.
Ames, Iowa 50014

Phone: (712) 664-2891
FAX: (712) 664-2717
Cell: (712) 830-3121
Email: morrowjd@netins.net

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the combined financial statements of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, as of and for the years ended June 30, 2009 and 2008, and have issued my report thereon dated November 30, 2009. I conducted the audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Region XII Council of Governments Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the combined financial statements, but not for the purpose of expressing my opinion on the effectiveness of the COG's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the COG's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the COG's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U. S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the COG's financial statements that is more than inconsequential will not be prevented or detected by the COG's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the COG's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. I noted no matters involving the internal control over financial reporting and its operation that I consider to be significant deficiencies or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the COG's financial statements are free of material misstatement, I performed tests of the COG's compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the COG's operations for the years ended June 30, 2009 and 2008 are based exclusively on knowledge obtained from procedures performed during my audit of the combined financial statements of the COG. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by the personnel of Region XII Council of Governments during the course of the audit. Should you have any question concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

John D. Morrow

Certified Public Accountant

Member

Iowa

Society

Certified Public Accountants

P O Box 400

109 Main Street

Wall Lake, Iowa 51466-0400

413 Ash Ave.

Ames, Iowa 50014

Phone: (712) 664-2891

FAX: (712) 664-2717

Cell: (712) 830-3121

Email: morrowjd@netins.net

November 30, 2009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Region XII Council of Governments, Inc.
Carroll, Iowa

I have audited the compliance of Region XII Council of Governments, Inc. (COG), its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc., Carroll, Ia, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2008. The COG's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of the COG's management. My responsibility is to express an opinion on the COG's compliance based on my audit.

I conducted my audit of compliance in accordance with U. S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the COG's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on compliance with those requirements.

In my opinion Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc. and Region XII Development Corporation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2008. Instances of non-compliance with those requirements, if any, are described in Part III of the accompanying Schedule of Findings and Questioned Costs

Internal Control Over Compliance

The COG's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing my audit, I considered Region XII Council of Governments, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the COG's internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the COG's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the COG's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in the COG's internal control over compliance exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the COG's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the COG's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the COG's internal control. I noted no matters involving the internal control over compliance and its operation that I consider to be significant deficiencies or material weaknesses.

This report, a public record by law, is intended solely for the information and use of Region XII Council of Governments, Inc., its wholly controlled affiliated organizations, Council of Governments Housing, Inc., and Region XII Development Corporation, Inc., and other parties to whom the COG may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

REGION XII COUNCIL OF GOVERNMENTS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part I: Summary of the Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Non-compliance material to financial statements noted?	No matters were reported

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No matters were reported
Reportable condition(s) identified not considered to be material weaknesses?	No matters were reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133. Section .510(a)?	No matters were reported
Identification of major programs:	
Department of Housing and Urban Development	14.228 & 14.239
Department of Labor	17.277
Department of Transportation	20.509
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low risk.	

Part II: Findings relating to the financial statements which are required to be reported in accordance with Governmental Auditing Standards.

No matters were reported

Part III: Findings and questioned costs for Federal Awards which shall include audit findings as defined in OMB Circular A-133.

No matters were reported

This page is intentionally left blank.